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# A BILL FOR AN ACT

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RELATING TO FEDERAL FUNDS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The purpose of this Act is to address the  
2 expenditure of federal funds.

3       More specifically, this Act:

4       (1) Expressly states that the disbursement of federal-aid  
5 moneys is subject to legislative appropriation or  
6 other law authorizing expenditure;

7       (2) Amends the definition of "federal funds" in the  
8 executive budget act to include financial aid  
9 reasonably anticipated to be received from the federal  
10 government; and

11       (3) Allows the expenditure of federal moneys which have  
12 not been appropriated when authorized by proviso in  
13 the budget or supplemental budget act.

14       The legislature intends that this Act clarify that the  
15 expenditure of federal funds is subject to legislative  
16 appropriation or other authorization.



1       The legislature also intends that this Act shall apply to  
2       the judiciary by operation of section 601-2, Hawaii Revised  
3       Statutes.

4       The legislature finds that this Act is necessary to:

5       (1) Promote transparency in budgeting;

6       (2) Enhance the appropriation authority of the  
7       legislature; and

8       (3) Increase current and potential beneficiaries'  
9       awareness of the availability of federal funds to  
10      improve their future budget planning efforts.

11      SECTION 2. Section 29-16, Hawaii Revised Statutes, is  
12      amended to read as follows:

13      **"§29-16 Treasury as depository; duties of comptroller.**

14      All federal-aid moneys received by the State, except as  
15      otherwise provided for by the federal government, shall be  
16      deposited with the director of finance and, subject to  
17      appropriation by the legislature or other law authorizing  
18      expenditure, shall be disbursed upon warrants drawn by the  
19      comptroller of the State supported by vouchers approved by the  
20      board, commission, department, or officer having charge of the



1 expenditure of the moneys by virtue of the plan, agreement, or  
2 arrangement entered into or made with the proper federal agency.

3 The comptroller may prescribe and maintain [~~such~~] a system  
4 of accounts and accounting as may be required by the federal  
5 government, or any agency thereof, in carrying out the objects  
6 and purposes of the plan, agreement, or arrangement."

7 SECTION 3. Section 37-62, Hawaii Revised Statutes, is  
8 amended by amending the definitions of "federal aid interstate",  
9 "federal aid primary", "federal aid secondary", "federal aid  
10 urban", and "federal receipts" to read as follows:

11 ""Federal aid interstate" means funds received or  
12 reasonably anticipated to be received from the federal  
13 government for the purpose of constructing the interstate  
14 highway system in the State.

15 "Federal aid primary" means funds received or reasonably  
16 anticipated to be received from the federal government for the  
17 purpose of constructing primary roadways.

18 "Federal aid secondary" means funds received or reasonably  
19 anticipated to be received from the federal government for the  
20 purpose of constructing secondary roadways.



1 "Federal aid urban" means funds received or reasonably  
2 anticipated to be received from the federal government for the  
3 purpose of constructing roads in urban areas.

4 "Federal [~~receipts~~] funds" means financial aid received or  
5 reasonably anticipated to be received from the federal  
6 government."

7 SECTION 4. Section 37-74, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "**§37-74 Program execution.** (a) Except as limited by  
10 policy decisions of the governor, appropriations by the  
11 legislature, and other provisions of law, the several agencies  
12 responsible for administering state programs shall administer  
13 their program assignments and shall be responsible for their  
14 proper management.

15 (b) The appropriations by the legislature for a biennium  
16 shall be allocated between the two fiscal years of the biennium  
17 in the manner provided in the budget or appropriations act and  
18 as further prescribed by the director of finance. The amounts  
19 allocated for each fiscal year shall be subject to the allotment  
20 system prescribed in chapter 37, part II. Each agency (except  
21 the courts), in estimating its quarterly requirements under



1 chapter 37, part II, shall prepare a plan for the fiscal year  
2 for the operation of each of the programs it is responsible for  
3 administering. The operations plan shall be in [~~such~~] a form  
4 and content as the department of budget and finance may  
5 prescribe. It shall be submitted, together with the estimated  
6 quarterly requirements, to the department of budget and finance  
7 on [~~such~~] a date as the department may prescribe.

8 (c) The department of budget and finance shall:

9 (1) Review each operations plan to determine:

10 (A) That it is consistent with the policy decisions  
11 of the governor and appropriations by the  
12 legislature;

13 (B) That it reflects proper planning and efficient  
14 management methods; and

15 (C) That appropriations have been made for the  
16 planned purpose and will not be exhausted before  
17 the end of the fiscal year;

18 provided that the department of budget and finance  
19 shall review the operations plan submitted by the  
20 University of Hawaii solely for consistency with the  
21 allotment ceilings established by the governor under



1 section 37-34, appropriations by the legislature, the  
2 requirements of chapter 37D, and the status of  
3 revenues to support operations plans for all state  
4 programs;

5 (2) Approve the operations plan if satisfied that it meets  
6 the requirements under paragraph (1). Otherwise, the  
7 department of budget and finance shall require  
8 revision of the operations plan in whole or in part;  
9 and

10 (3) Modify or withhold the planned expenditures at any  
11 time during the appropriation period if the department  
12 of budget and finance finds that the expenditures are  
13 greater than those necessary to execute the programs  
14 at the level authorized by the governor and the  
15 legislature, or that state receipts and surpluses will  
16 be insufficient to meet the authorized expenditure  
17 levels; provided that the planned expenditures for the  
18 University of Hawaii may be modified or withheld only  
19 in accordance with sections 37-36 and 37-37.



1 (d) No appropriation transfers or changes between programs  
2 or agencies shall be made without legislative authorization;  
3 provided that:

4 (1) Authorized transfers or changes, when made, shall be  
5 reported to the legislature;

6 (2) Except with respect to appropriations to fund  
7 financing agreements under chapter 37D, the University  
8 of Hawaii shall have the flexibility to transfer  
9 appropriated funds and positions for the operating  
10 cost category among programs, among cost elements in a  
11 program, and between quarters, as applicable; except  
12 with respect to appropriations to fund financing  
13 agreements under chapter 37D, the department of  
14 education shall have the flexibility to transfer  
15 appropriated funds and positions for the operating  
16 cost category among programs and among cost elements  
17 in a program, and between quarters, as applicable; and  
18 the Hawaii health systems corporation and its regional  
19 system boards shall have the flexibility to transfer  
20 special fund appropriations among regional system  
21 hospital facilities as applicable and as mutually



1           agreed to by the corporation and the respective  
2           regional system board; provided that the Hawaii health  
3           systems corporation and the regional system boards  
4           shall maintain the integrity and services of each  
5           individual regional system and shall not transfer  
6           appropriations out of any regional system that would  
7           result in a reduction of services offered by the  
8           regional system, with due regard for statutory  
9           requirements, changing conditions, the needs of the  
10          programs, and the effective utilization of resources;  
11          and

12          (3) The university and the department of education shall  
13          account for each transfer implemented under this  
14          subsection in quarterly reports to the governor and  
15          annual reports at the end of each fiscal year to the  
16          legislature and the governor, which shall be prepared  
17          in the form and manner prescribed by the governor and  
18          shall include information on the sources and uses of  
19          the transfer.

20          (e) For the purpose of this subsection, "unanticipated  
21          federal moneys" means financial aid from the federal government





1 that is not appropriated in the budget or supplemental budget  
2 act. After June 30, 2017, unanticipated federal moneys may be  
3 expended when and in the manner authorized by proviso in the  
4 budget or supplemental budget act and shall be deemed an  
5 appropriation for the purpose of Article VII, section 5, of the  
6 Constitution of the State of Hawaii."

7 SECTION 5. Section 601-2, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9 "(b) The chief justice shall possess the following powers,  
10 subject to [~~such~~] rules as may be adopted by the supreme court:

11 (1) To assign circuit judges from one circuit to another;

12 (2) In a circuit court with more than one judge, (A) to  
13 make assignments of calendars among the circuit judges  
14 for [~~such~~] a period as the chief justice may determine  
15 and, as deemed advisable from time to time, to change  
16 assignments of calendars or portions thereof (but not  
17 individual cases) from one judge to another, and (B)  
18 to appoint one of the judges, for [~~such~~] a period as  
19 the chief justice may determine, as the administrative  
20 judge to manage the business of the court, subject to



1 the rules of the supreme court and the direction of  
2 the chief justice;

3 (3) To prescribe for all of the courts a uniform system of  
4 keeping and periodically reporting statistics of their  
5 business;

6 (4) To procure from all of the courts estimates for their  
7 appropriations; with the cooperation of the  
8 representatives of the court concerned to review and  
9 revise them as the chief justice deems necessary for  
10 equitable provisions for the various courts according  
11 to their needs and to present the estimates, as  
12 reviewed and revised by the chief justice, to the  
13 legislature as collectively constituting a unified  
14 budget for all of the courts;

15 (5) To exercise exclusive authority over the preparation,  
16 explanation, and administration of the judiciary  
17 budget, programs, plans, and expenditures, including  
18 without limitation policies and practices of financial  
19 administration and the establishment of guidelines as  
20 to permissible expenditures, provided that all  
21 expenditures of the judiciary shall be in conformance



1 with program appropriations and provisions of the  
2 legislature, and all powers of administration over  
3 judiciary personnel that are specified in Title 7; and

4 (6) To do all other acts [~~which~~] that may be necessary or  
5 appropriate for the administration of the judiciary.

6 The budget, supplemental budget, six-year program and financial  
7 plan, and the variance report of the judiciary shall be  
8 submitted by the chief justice to the legislature in accordance  
9 with the schedule of submission specified for the governor in  
10 chapter 37 and shall contain the program information prescribed  
11 in that chapter[~~-~~] as applicable to the judiciary. By November  
12 1 of each year preceding a legislative session in which a budget  
13 is to be submitted, the chief justice shall provide written  
14 notification to the governor of the proposed total expenditures,  
15 by cost categories and sources of funding, and estimated  
16 revenues of the judiciary for each fiscal year of the next  
17 fiscal biennium[~~-~~] or fiscal year, as applicable."

18 SECTION 6. Sections 3, 4, and 5 shall apply to the six-  
19 year program and financial plans and budgets submitted under  
20 sections 37-69, 37-71, 37-72, and 601-2, Hawaii Revised  
21 Statutes, after the effective date of this Act.



- 1       SECTION 7. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.  
3       SECTION 8. This Act shall take effect on July 1, 2016.



**Report Title:**

Federal Funds; Appropriation, Expenditure

**Description:**

Expressly states that the expenditure of federal-aid moneys is subject to appropriation or other law authorizing expenditure. Broadens the definition of "federal funds" under the executive budget act. Allows unanticipated federal moneys that are not appropriated to be expended when authorized by proviso in the budget or supplemental budget act. States intent that the provisions also apply to the judiciary budget by operation of existing law. Effective 7/1/2016. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

